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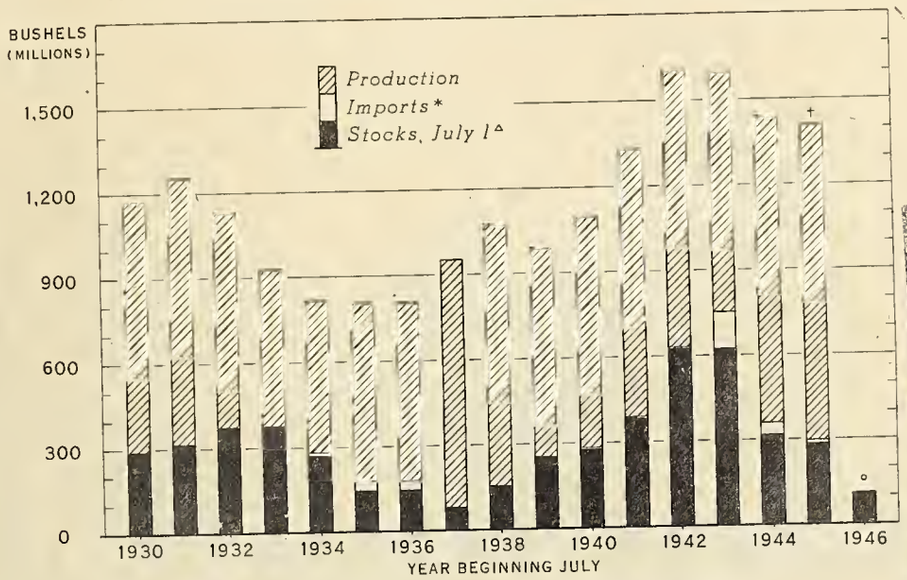
THE Wheat SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WS - 94 BAE APRIL - MAY 1946

WHEAT: SOURCES OF U. S. SUPPLY, 1930-46



U. S. DEPARTMENT OF AGRICULTURE NEG. 45419 BUREAU OF AGRICULTURAL ECONOMICS

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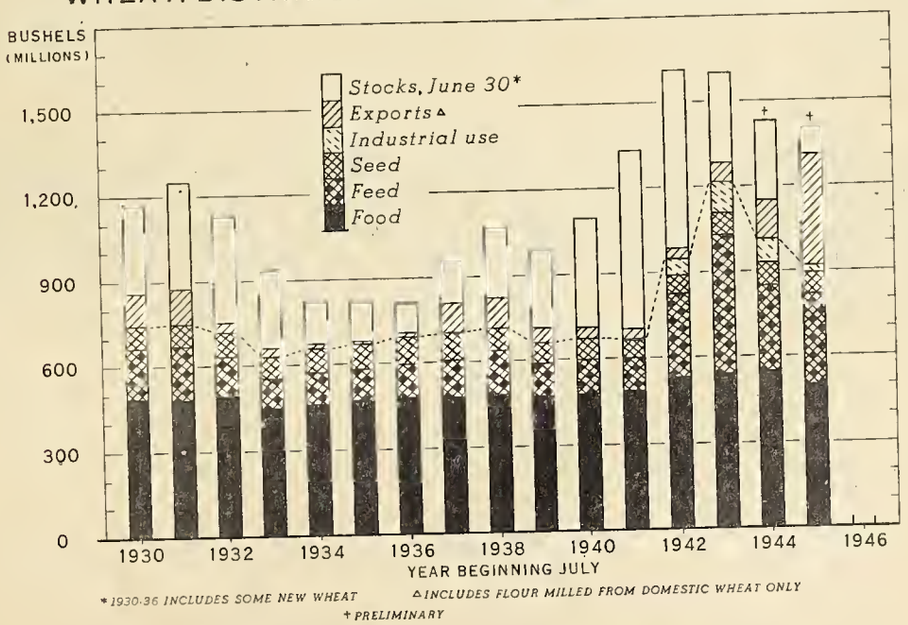
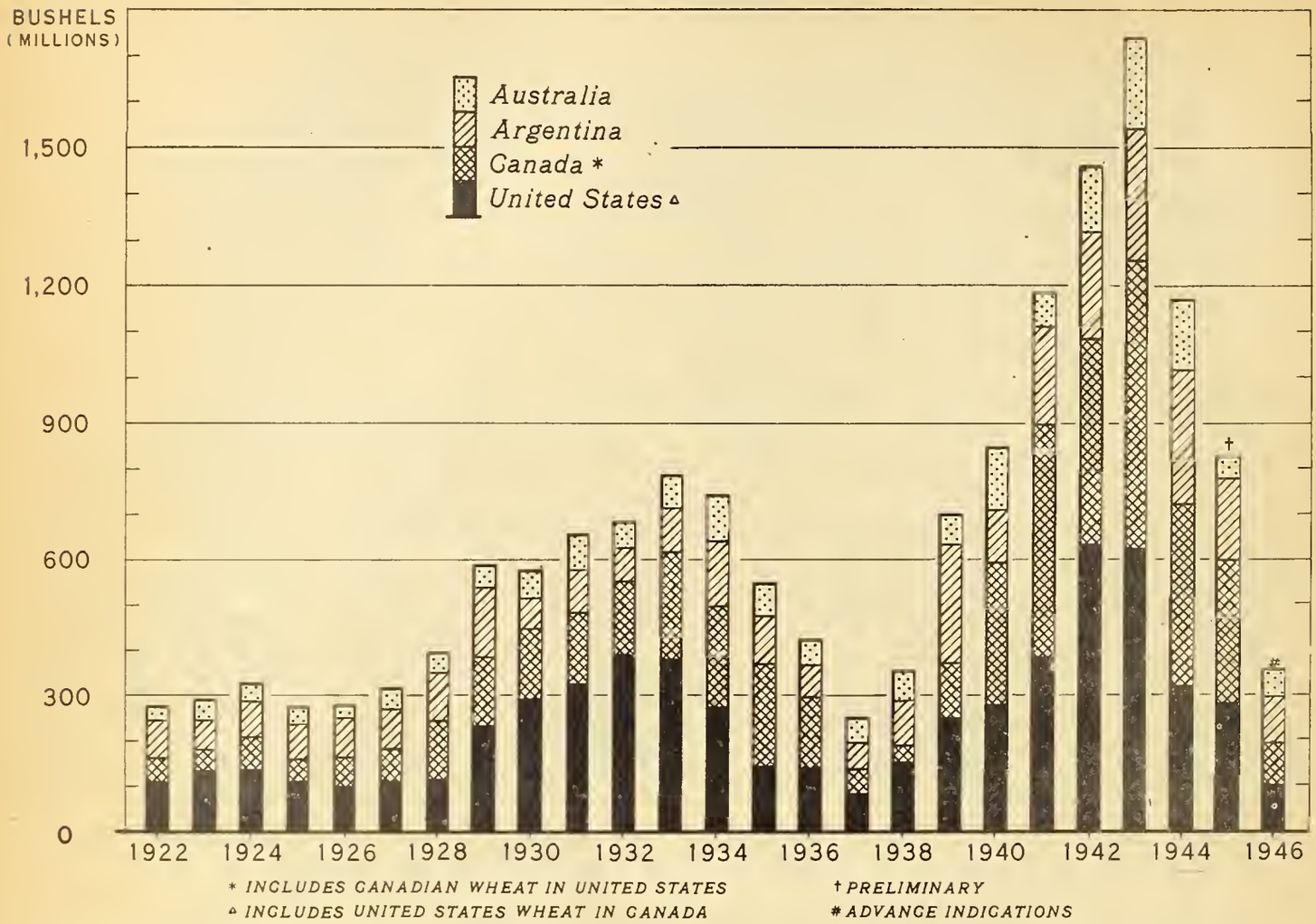
WHEAT: DISTRIBUTION OF U. S. SUPPLY, 1930-45



U. S. DEPARTMENT OF AGRICULTURE NEG 45420 BUREAU OF AGRICULTURAL ECONOMICS

The carry-over of old wheat on July 1 may be reduced to 100 million bushels or even less, which would be the smallest since 1937. Exports have been at record high levels. While food use has been reduced in recent months, the total for the year is still above prewar. The use of wheat for feed has continued very large. Wheat use for alcohol and beer was restricted during most of the year and finally prohibited.

ESTIMATED WHEAT STOCKS IN FOUR MAJOR EXPORTING COUNTRIES AS OF JULY 1, 1922-45, AND INDICATION FOR 1946



* INCLUDES CANADIAN WHEAT IN UNITED STATES
△ INCLUDES UNITED STATES WHEAT IN CANADA

U. S. DEPARTMENT OF AGRICULTURE NEG. 21335 BUREAU OF AGRICULTURAL ECONOMICS

On July 1, 1946 wheat stocks in the four overseas exporting countries may total only about 350 million bushels, which would be the smallest since 1937. Reduction from an all-time high only 3 years ago reflects heavy war-time feed and industrial use, large exports in the current marketing year, and small crops in Australia and Argentina.

THE WHEAT SITUATION
- Including Rye -

Approved by the Outlook and Situation Board, May 23, 1946

SUMMARY

Wheat production prospects in most importing countries are indicated to be better than last year, but world wheat imports will continue large through 1946-47. It is the intent of the Department of Agriculture to export 250 million bushels from the 1946 crop on the basis of a production of about one billion bushels. The exports are to be obtained by the continuation of the milling extraction restrictions, the limitation on the amount of wheat used in the manufacture of flour for domestic use, the limitations on the use of wheat by feed manufacturers, the prohibition of the use of wheat and wheat products in the manufacture of beer and alcohol, the voluntary conservation program, and set asides for government purchase.

In an effort to approach as nearly as possible the January-June export goal, it has been necessary to sharply curtail domestic use, greatly increase the movement to ports, and so deplete stocks that the carry-over July 1 will be reduced to between 80 and 100 million bushels. This would be the smallest since the 88 million bushels of 1937.

Continued drought conditions reduced winter wheat prospects 88 million bushels during April. However, if the winter crop turns out as now indicated at 743 million bushels, and if about an average spring wheat crop is obtained, a billion-bushel crop would still be produced. On the basis of preliminary estimates, domestic distribution for all purposes in 1946-47 including some increase in carry-over stocks from the very low level expected in July 1, 1946, may total about 750 million bushels. A billion-bushel crop, accordingly, would permit of exports about 250 million bushels.

With estimated export demand large enough to absorb every bushel that can be spared from thenew crop, wheat prices are expected to continue at ceiling levels in the new marketing year. Effective May 13, the wheat price ceiling was raised 15 cents a bushel. Prices of other grains and feeds were advanced at the same time. The announcement of the price advances was intended: "(1) To remove uncertainty concerning grain price ceilings between now and June 30, 1947; (2) To encourage movement of grain for shipment abroad, for human consumption in this country, and for essential livestock feeding purposes in deficit grain-producing areas; and (3) To bring about the proper balance between livestock numbers and grain supplies available for feed."

Farm sales of wheat in 1945 were second only to the all-time record in 1944, the price the highest since 1925, and cash receipts except for 1944, the highest in a quarter of a century. Compared with 1944, sales were off about 5 percent, while price was 4 percent higher (See table 1).

The prospective 1946-47 rye supply, estimated at about 25-1/2 million bushels, is less than half the 58-million average in the last 3 years for which comparable figures are available. Rye prices, which as late as May 10 were the highest since March 1915, have since declined sharply as adjustments are being made to the new ceiling levels effective June 1.

THE DOMESTIC WHEAT SITUATION

BACKGROUND.-In the 10-year (1932-41) prewar period, the supply and distribution of wheat in continental United States averaged as follows, in million bushels; Total supply 982, consisting of carry-over of old wheat 235, production 738, and imports 9; total disappearance 721, consisting of food 475, feed 122, seed 81, and exports and shipments 43.

Wheat prices have generally advanced since 1938. The weighted average price to growers in each year from 1939-40 to 1944-45 were as follows, in cents per bushel: 69, 68, 94-1/2, 110, 136, and 141. Up to 1943-44 the loan program was the most important factor in domestic wheat prices. In 1943-44 and 1944-45 the extra demand for wheat resulting from the war became the important price factor.

Heavy Disappearance May Reduce Carry-Over July 1 to Below 100 Million Bushels

Wheat stocks on April 1 in all positions totaled 339 million bushels. In an effort to approach the remainder of the January-June goal of 225 million bushels of wheat, including flour in terms of wheat, it has been necessary to sharply curtail domestic use, greatly increase the movement to ports, and reduce supplies so that the carry-over July 1 will be at a very low level. The various orders issued to reduce consumption, together with voluntary savings, and the shutting down of mills for lack of wheat, may reduce wheat food use in the April-June quarter to about 85 million bushels, compared with 133 million bushels estimated for January-March 1946, and 132 million in April-June 1945. Most of the 21 million bushels needed to seed the spring crop were used in this quarter. It now appears likely that exports will be between 85 and 100 million bushels. If exports, food use, and seed are taken from April 1 stocks, only about 140 million bushels would be left for feed for livestock and poultry and for carry-over July 1. With price and bonus incentives to encourage farmers 1/ to deliver their grain and with restrictions on domestic consumption and inventories, both of which should increase the quantity for export, the carry-over July 1 may be reduced to between 80 and 100 million bushels. Stocks of this size would be the smallest since 1937 when they were 83 million.

1/ Of the total stocks on April 1 of 339 million bushels, 204 million were still on farms (table 5).

The increase in ceiling prices of wheat and the 30-cent bonus payments, in addition to the restrictions in the use of wheat in commercial feeds, should result in a substantial reduction in the quantity fed. Over 100 million bushels were fed in the January-March quarter, which compared with 84 million and 54 million in April-June 1944 and 1945, respectively (table 2).

United States Exports Are Short of Goal

Exports of wheat and the flour equivalent from the United States (excluding Canadian wheat milled in bond), totaled about 122 million bushels, during January-April 1946. This was 27 million bushels short of the export goal of 150 million bushels, based on one million tons per month. With exports in May continuing to fall short, it is unlikely that the goal for the second quarter can be met in the form of wheat and flour. Considerable quantities of other grains, however, are moving into export against the wheat requirements for direct human consumption. Wheat deliveries by growers under the certificate plan will undoubtedly reach ports in substantial quantities in the latter part of May. Such deliveries through May 18 were reported as totaling about 43 million bushels. Delay in deliveries was encountered because of spring seeding work, rains which made dirt roads difficult, and inadequate rail transportation.

Distribution in January-April was approximately in the following percentages: UNRRA, 38, France, the French Zone in Germany and French North Africa, 22; the British Empire, which was principally India and the British Empire, which was principally India and the British Occupation Zones, 10; United States Occupation Zones, 8; and 36 miscellaneous countries, 22.

Preliminary claims against United States supplies early last summer indicated a probable need to export about 225 million bushels during the 1945-46 marketing year. By late summer, these estimates were revised upward to 250 million bushels. During the fall and early winter, UNRRA, France and a number of other countries raised their estimates of minimum needs several times. Finally in December, as a result of requests then being made and the outlook for supplies from other sources, it was deceided to try to export 225 million bushels in the January-June period, considered to be the maximum United States would be able to furnish from its own diminished supply, even through the deficit countries needed substantially more than the surplus countries could furnish. With 192 million bushels exported in July-December this would make 417 million bushels for the marketing year, and be far in excess of any 12-month exports in our history. The previous record for a single year was 335 million bushels in 1914-15. During the 5 prewar years, 1935-39, annual exports averaged only 62 million bushels.

Wheat has come to be reocgnized as the principal famine-relief food, and, although we are shipping other foods, our success and the success of the other exporting countries in relieving famine conditions will uhdoubtedly be measured mainly by exports of wheat. Wheat has been in demand because of its merits as a highly concentrated low-cost food, one that is easiby handled and one not subject to rapid deterioration. However, it has also been in demand because of its relatively better supply position than other foods. When other foods have fallen short of meeting demand, the caloric requirements have largely been put in terms of wheat equivalent, thereby placing wheat in the position of reflecting not only the demand for wheat as such but also wheat as a substitute for other foods that are unobtainable.

Recent Measures to Implement Increased Exports

New measures 2/ to help increase the supply of wheat for export include restrictions on domestic food distribution and a reduction in wheat inventories. Beginning April 1, flour milling for domestic use was restricted to 75 percent of the quantity distributed in the corresponding months of 1945. At the same time, food manufacturers were restricted to 75 percent of the quantity of wheat used in the corresponding months a year earlier. Effective May 1, millers and feed manufacturers were limited to 21 days invehtory of wheat 3/. Curtailment in consumption during May and June will be brought about by the exhaustion of wheat supplies at many mills.

Winter Wheat Prospects Lower; Billion-Bushel Total Crop Still Possible

On the basis of May 1 condition, the winter wheat crop was indicated at 743 million bushels, 88 million bushels less than indicated on April 1. The sharp reduction in prospects is because deterioration largely in the Southwest more than offset improvement in other less important sections. If the winter crop turns out as now indicated, however, and if about an average spring wheat crop is obtained, another billion-bushel crop would still be harvested--the nation's fourth. The first indication of the spring crop will be released on June 10.

A winter wheat crop of 743 million bushels compares with 823 million produced last year and 618 million bushels, the 10-year (1935-44) average. The acreage indicated for harvest as of May 1 is almost 46 million acres, or about 2 percent smaller than that harvested last year. The acreage not harvested for grain is expected to be 11.9 percent of the seeded acreage, compared with 6.9 percent last year and 16.2 percent, the 1935-44 average. The May 1 indicated yield of 16.2 bushels per harvested acre is 1.4 bushels below last year's yields of 17.6 bushels but about the same as the 10-year average.

2/ Measures taken prior to April 1 (Wheat Situation, Jan.-March 1946 page 8) included War Food Order 144 which among other things prohibited millers from producing any flour on and after March 1, 1946 that consists of less than 80 percent by weight of the cleaned wheat from which the flour is produced, and which limited the use of wheat by mixed feed manufacturers. WFO 66 and WFO 141 prohibited the use of wheat and wheat products for alcohol, spirits and beverage production effective March 1.

3/ Most of the Government flour purchases, March 1 through May 2 of 2.7 million bags represented wheat held by mills in excess of the 21-day inventory limit.

A large crop is very desirable in 1946. Domestic distribution for all purposes, including some increase in carry-over stocks from the very low level expected in July 1, 1946, but assuming that feeding will be held down to about 150 million bushels, may total about 750 million bushels. On this basis, a billion-bushel crop would permit exports of about 250 million bushels, which is far less than preliminary estimates of wheat wanted from the United States.

Wheat Prices Expected to Continue at Ceiling Levels in 1946-47 Marketing Year

An export demand large enough to absorb every bushel that can be spared from the new crop will hold wheat prices at ceiling levels throughout the marketing year beginning July. The demand in the April-June quarter is so large that the new crop will be readily taken without the seasonal decline which usually occurs when a large new crop is in prospect.

To speed wheat from farms to ports the Department of Agriculture on April 2 announced that it would buy wheat from farmers for immediate delivery at the market price on any later date the seller might choose on or before March 31, 1947. On April 19, it was further announced that a bonus of 30 cents a bushel would be paid on wheat delivered under this certificate plan by May 25. The bonus payments originally necessitated the election of a date prior to June 16, 1946 as the date for which the purchase price was to be determined. The period of purchase was later extened to March 31, 1947. While the delivery under the bonus plan terminated May 25, wheat could still be delivered up to and including June 15 under the certificate plan.

Effective May 13, the wheat price ceiling was raised 15 cents a bushel 4/. At the same time the price of rye was advanced 10 cents, corn 25 cents, barley 9 cents per bu. and grain sorghums 18 cents per hundredweight. The price of protein feeds was also increased. Payment of the 30-cent bonus on wheat delivered to the Government through May 25 was to be made as originally announced, but the payment of the 30-cent bonus on corn was discontinued after May 11. These new ceiling prices are intended to cover any probable increases in parity for the year ahead.

In mid-April, the price of wheat received by farmers averaged $1.58. This was 99 percent of parity. With the 15 cent increase in ceilings it is to be expected that prices will average about $1.73 per bushel. With the increase, the price of No. 2 Hard Winter at Kansas City for less than 13 percent protein and including 1-1/2 cents commission is $1.871 5/.

4/ Trading in the new style contract with a 15-cent higher ceiling began May 13 in Minneapolis and May 14 in Chicago. Trading in old contracts was permitted May 13 only for the purpose of liquidation. At Kansas City, the Board of Trade prohibited trading in new grain futures until May 20.

5/ The comparable price ceiling at Kansas City was $1.62 when first established on January 4, 1944, $1.66 on December 13, 1944, $1.691 on May 30, 1945, and $1.721 on March 4, 1946. Ceilings at other representative markets are now: No. 1 Dark Northern Spring at Minneapolis $1.89, No. 2 Red Winter at St. Louis $1.97, and No. 1 Soft White at Portland $1.83.

Increases in Price Ceilings Have Broad Implications

The announcement on May 8 raising ceiling prices was made jointly by the Office of Economic Stabilization, the Department of Agriculture and the Office of Price Administration, with the following purposes: "(1) To remove uncertainty concerning grain price ceilings between now and June 30, 1947; (2) To encourage movement of grain for shipment abroad, for human consumption in this country, and for essential livestock feeding purposes in deficit grain producing areas; and (3) to bring about the proper balance between livestock numbers and grain supplies available for feed."

The order recognized that the world food shortage is expected to continue at least until the 1947 harvest, which makes it necessary to continue to ship large quantities of grain abroad. Higher grain prices without a proportionate increase in livestock and poultry prices will effect a reduction in grain feeding. Of necessity this means less pork, poultry and eggs and top grade beef. However, the total supply of these foods in the United States is expected to continue at above prewar levels. The use of more grain as human food, will make the food supply which is available go much farther because many more people can be fed with grain used in direct consumption than can be fed with livestock produced from the same amount of grain. According to the announcement, no price-ceiling increases for livestock and poultry are planned, except as may be required by changes in parity as provided by law 6/.

At the time of the announcement of the new ceilings, Secretary of Agriculture, Clinton P. Anderson, said in part: "During the war, the most urgent needs were for livestock products which called for (1) increasing livestock numbers to record levels, (2) heavy feeding of grain to livestock to achieve maximum production of milk, meat, and eggs needed in vast quantities for domestic, military and lend-lease uses. Although we had bumper crops of grain during the war years, the required heavy feeding of livestock resulted in using up the reserves that had been built up before the war. The end of the war brought a reversal in the demand situation for supplies for export with desperate calls for grain for direct human consumption in war-torn areas. This situation necessitates a shift in the us of grain from heavy livestock feeding to its direct use for human consumption in order to make limited world supplies go as far as possible in saving the lives of starving people."

6/ Because of the necessity for maintaining milk production, consideration will be given to increased feed costs resulting from the increase in ceiling prices of feed grains and concentrates in any further adjustment that may be provided in returns to dairy farmers.

Outline of Government's 1946-47
Program for Wheat Use and Distribution

The general outline of the wheat program for the 1946-47 marketing year, regarded as necessary to insure the most effective distribution and use of the 1946 crop in meeting both domestic and foreign needs, was announced on May 14 by Secretary of Agriculture Clinton P. Anderson.

The recent increases in grain prices designed to bring about a higher feed-livestock price ratio are recognized as an important part of the general wheat procurement program for 1946-47.

Feeding of wheat to livestock must be greatly reduced in order to make possible the outlined distribution plan 7/. Other phases of the general wheat program, as planned now in the light of our present information on the domestic and world situations, include;

1. Advising foreign claimants that, on the basis of present prospects, not more than 250 million bushels of wheat will be available for all exports from this country during the year ahead 8/.

2/ Continuing the 80 percent extraction provision in War Food Order 144 during the 1946-47 marketing year. The provision reduces the amount of wheat used for food by 8 to 10 percent.

3. Limiting the amount of wheat used in the manufacture of flour for domestic use to the quantity required to produce 85 percent as much flour as was distributed for domestic use in the corresponding month of 1945, through an amendment to War Food Order 144, effective July 1, 1946.

4. Amending War Food Order 144 to provide that at least one-half of all wheat delivered to an elevator by a producer must be offered for sale to the elevator, instead of all of it being held in storage for the producer; also providing that one-half of all the wheat which is purchased from producers by country elevator operators, merchandisers or other commercial buyers must be set-aside for sale to the Commodity Credit Corporation (this provision to remain in effect until the Government has control of enough wheat from the 1946 crop to cover export requirements of 250 million bushels).

5. Asking the Office of Defense Transportation to issue a service order prohibiting the shipment of wheat out of the area comprising the states of Oklahoma, Texas, New Mexico, Arkansas and Louisiana, except for export or by special permit. The objective of this order will be to conserve transportation. Without the order, early wheat from this area might be drawn off into other areas of the country only to have to be replaced later by shipments back from these other areas.

7/ The higher grain prices are expected to result in a large over-all reduction in the use of grain for feed use.
8/ Based on a very tentative crop and distribution in million bushels, as follows: Crop 1,000; food 450; feed 150; seed 85; industrial use 2; and increase in carry-over 60.

6. Placing further limitations on the use of wheat by feed manufacturers, through amendment to War Food Order 144, as soon as the general feed grain situation improves sufficiently.

7. Continuing the provisions of War Food Orders 66 and 141 which prohibit the use of wheat and wheat products in the manufacture of beer and alcohol.

8. Continuing the conservation program, including reduction in the weight of bread loaves and rolls.

9. Wheat inventory provisions will not be made applicable to 1946 crop wheat unless inequitable distribution makes such action necessary.

THE WORLD WHEAT SITUATION

BACKGROUND.-Large world crops and restricted trade resulted in the largest world wheat supplies on record in the period 1938-43. The blockade and other war conditions reduced world exports of wheat and flour to a low of about 365 million in 1942-43 compared with 650 million in 1938-39 and 625 million in 1939-40. With reduced exports, surpluses increased. On July 1, 1943, stocks in the four principal exporting countries totaled 1,740 million bushels--three times the 572 million average in the 1927-36 period. By July 1945, however, stocks had been reduced to 826 million bushels (table 4) which reflected increased disappearance caused by the war and poor crops in Southern Hemisphere countries.

World Exportable Supplies Sharply Below Minimum Import Requirements Until the New Harvest

The total minimum world import requirements of wheat and flour in 1945-46 as submitted by the various nations are about 1,200 million bushels. In the July-December period, import requirements placed at about 465 million bushels, were largely met. However, in the January-June period, world exports will fall short of requirements of approximately 725 million bushels by about 40 percent. Exports in July-December were about as follows: United States 192 million bushels, Canada 225 million, Argentina 40, and Australia 6 million. Exports in January-June depending on transportation and availability of supplies are expected to total about as follows: United States 200 million, Canada 150 million, Argentina 28 million, and Australia 35 million. Soviet Russia in late February announced the sale of about 15 million bushels of wheat to France; a part of this quantity has been applied as barley. In addition to wheat and flour supplies, the major exporting countries will have available over a million tons of coarse grains that can be used for food in place of wheat. Supplies from Southern Hemisphere countries are below average as a result of smaller than average crops harvested in December 1945 and reduction or virtual elimination of carry-over stocks following the previous season's severe drought.

The Claims in the first six months of 1946 are about as follows: UNRRA, 155 million; occupied zones of Germany, Austria, Italy, Japan, 133 million; France, Belgium, Netherlands, and Norway, 99 million; United Kingdom and British Services, 97 million; India, 75 million; other countries, 173 million 9/.

Several countries have recently expedited the movement of wheat for export. Various measures include the following: Canadian producers who deliver their wheat between April 1 and June 30, 1946, were given the option of accepting payment any time during 1946, 1947, or 1948. The Argentine Government announced an increase in price of about 40-1/2 cents per bushel over the previously set basic wheat price the new price to continue for a period of 30 days, beginning April 16. The new price to producers is the equivalent of about $1.62 (U. S.) per bushel. The Government of Britain diverted to urgently needed areas about 7-1/2 million bushels of grain during April and May from British supplies and from shipments on the way to the United Kingdom.

Wheat Stocks in Four Exporting Countries Lowest Since 1937

On July 1, 1946 wheat stocks in the four overseas exporting countries (United States, Canada, Argentina and Australia), may total only about 350 million bushels, which would be the smallest since 1937, and about 25 percent below the 1935-39 average of 458 million bushels (table 4). Reductions from an all-time high only 3 years ago reflects disappearance stepped up by wartime feed and inddustrial alcohol requirements, especially in the United States and Canada, use of some wheat for fuel along with loss from deterioation in Argentina, and very heavy exports in the current marketing year. The crop in Australia harvested in December 1944 was very small, estimated at only 53 million bushels, and the one in 1945 at 140 million was also below average. The last two crops in Argentina, both estimated at 150 million bushels, were also much below average.

Production Prospects in Most Countries Above Last Year

Production prospects in most countries are better this year than last. Most sections of Europe have been reporting satisfactory crop conditions, with early prospects for a wheat crop above 1945 production though still below prewar averages. In France, Italy and Greece, current indications are for a combined wheat crop of about 500 million bushels compared with 355 million a year ago and the 1935-39 average of 600 million bushels. In Spain, the 1946 acreage is the largest in 10 years and the crop is reported to be doing well. Prospects in North Africa are for a crop about equal to domestic needs. Because of crop failures this area, ordinarily a net exporter, has been importing large quantities of wheat for the past 2 years. While the crop prospects in Southeastern Europe are still good, rains are urgently needed.

9/ Distribution of exports from the U.S. in January-April are shown on page 6.

The acreage in Canada intended for wheat in 1946 is estimated at over 26 million acres as compared with 23 million acres in 1945, an over-all increase of 13 percent. Should the country's intended acreage be realized, the area in 1946 will almost equal that of 1939 when 26.76 million acres were seeded to wheat. The acreage would, however, still be well below the record year of 1940 when seedings amounted to 28.73 million acres. The spring has been early in Canada and seeding is well advanced. Precipitation during April was below normal over the greater part of the western grain area. Fall moisture, however, had been better than a year earlier, and in some areas better than for many years. The 1946 wheat acreage in Australia is expected to be considerably larger than in 1945 and also somewhat larger than the prewar average. The goal, set at 15.5 million acres, contrasts with the 1945 acreage of 11.5 million and the 5-year (1934-38) average acreage of about 13 million. Among the difficulties that might prevent seeding the full acreage called for in the goal, are shortages of machinery and transportation to haul fertilizers. Early season conditions were reported favorable.

In Argentina, soil conditions are reported as being favorable for seeding the crop that will be harvested at the close of the calendar year. The extent of any acreage increase in this country will depend in part on an adjustment in wheat prices relative to coarse grain prices. This relationship, except for a 30-day price incentive for wheat beginning April 16 for the purpose of speeding the movement from farms to ports, has encouraged coarse-grain production at the expense of wheat acreage.

While production prospects are indicated to be above last year in most countries, carry-over stocks will be greatly reduced, and the total supply will still be considerably short of the normal consumption.

THE RYE SITUATION

Rye Supply Very Small, Necessitating Reduction in Food and Other Uses

The supply of rye for use in 1946-47 will be limited to about the size of the crop indicated as of May 1 at 21.4 million bushels. The carry-over on July 1, 1946 will be so small -- perhaps only about 4 million -- that it will not be possible to reduce it still further by July 1, 1947. Moreover, owing largely to a heavy demand for rye by Northern European countries, it is likely that supplies for importation into the United States will be very limited. The prospective July 1 carry-over and indicated crop totaling only about 25-1/2 million bushels compares with an average of 58 million bushels in the last 3 years. Comparable figures for earlier years are not available.

Because of the very limited supply, the use of rye in the 1946-47 year will necessarily be greatly restricted. In 1945-46 with a supply of

41 million bushels (stocks July 1 of 12.8 million, production 26.3 million, and imports of 1.9 million) disappearance may turn out to be about as follows in million bushels: Food 8.0 - 8.5, feed 10.0 - 10.5, seed 4.9, alcohol about 8.0, and exports 5.5 - 6.0. Even with a 1946 crop of only 21.4 million bushels, it is doubtful that feed use in 1946-47 will be below 8 million bushels because a very large part is fed on farms where the grain is grown. The quantity used for seed will again be about 5 million bushels. With feed and seed use of about 13 million bushels, and assuming very little used for alcohol and spirits, only about 8 million bushels will be available for domestic food and exports. Because of the continued food shortage overseas, it is expected that exports will reduce the quantity available for food below the 1935-39 average of 7.3 million bushels.

Stocks of rye on April 1, 1946 totaled 9.8 million bushels, of which 3.3 million were on farm, 1.4 in interior mills and elevators, and 3.1 million in terminals. On April 1, 1945 stocks totaled 20.3 million and in 1944 they were 36.2 million.

Indicated Rye Crop Third Smallest Since 1881

The rye production for 1946, forecast on the basis of May 1 condition, is only one-half of the 10-year (1935-44) average of 42.4 million bushels and is one-fifth less than the small 1945 crop of 26.4 million bushels. If present prospects of production materialize, this year's crop would be the smallest on record for any year since 1881 except for those of the drought years of 1933 and 1934.

The acreage seeded to rye for 1946 was about 17 percent below the acreaged seeded a year earlier, and the smallest in 65 years. Seedings were reduced in all important rye producing States, except North Dakota, where acreage seeded was increased about one-half over last year. Farmers expected to harvest 47.8 percent of the acreage seeded for all purposes. Last year 44.3 percent of the total seeded acreage was harvested and the 1935-44 percentage is 54.8. The increasing demand for food and feed grains may result in more of the seeded acreage being harvested for grain than farmers now anticipate.

A yeild of 12.0 bushels per harversted acre is forecast as of May 1. This is 1.3 bushels below the 1945 harvested yield and very nearly equal to the 10-year average of 12.2 bushels.

Rye Prices Sharply Lower in Adjustment to Price Ceilings Effective June 1

The price ceiling on rye sold on and after June 1, which was announced July 25, 1945 (before the crop was seeded) was raised 10 cents May 8.

The ceiling structure is as follows: North Central States will have a price structure based on "freight-off" specific terminal base-point prices and other areas will have flat base prices for each county not included in

area "A" for each point within the country. The new base prices per bushel, bulk for carload quantities of No. 2 rye, on track at the following terminal base point in the North Central States are as follows: Minneapolis and Duluth $1.51, Chicago and Milwaukee $1,56, and Kansas City, Omaha, and Sioux City $1.49-1/4.

On May 10, the price of No. 2 Rye at Minneapolis was $2.92, which was the highest price since March 1918. This high level reflected the very short supply position and the lack of a price ceiling. With the new price ceiling to take effect June 1, prices have recently declined sharply, No. 2 at Minneapolis dropping from $2.92 on May 10 to $2.32 on May 16.

To afford relief to bakers who have been caught between high rye prices and a ceiling on bread, an increase in the price of rye bread of 2 cents a pound loaf was announced by OPA, effective April 30 to July 1. Rye bread was defined as bread with a flour content consisting of rye flour and wheat flour in the ratio of at least 1 part of rye flour to four parts of wheat flour. The increase was granted provided that the increase did not result in a maximum price of sales at wholesale in excess of 12 cents a pound.

Table 1.- Wheat: Sales, average price per bushel, and cash receipts, United States, 1910-45

Cal. year	Sales	Av. price per bu.	Cash receipts 1/	Cal. year	Sales	Av. price per bu.	Cash receipts 1/
	1,000 bu.	Dollars	1,000 dollars		1,000 bu.	Dollars	1,000 dollars
1910	519,684	.95	494,649	1930	618,940	.73	451,447
1911	530,231	.84	445,952	1931	635,797	.42	265,723
1912	590,923	.83	493,335	1932	543,186	.37	199,757
1913	632,307	.78	492,892	1933	468,067	.65	304,030
1914	773,318	.87	673,982	1934	387,998	.82	316,725
1915	768,757	1.01	773,391	1935	451,430	.82	372,178
1916	686,733	1.21	828,642	1936	465,736	.97	450,859
1917	532,329	2.00	1,066,869	1937	586,109	1.03	604,910
1918	754,655	2.03	1,532,743	1938	666,272	.60	400,538
1919	746,571	2.11	1,572,387	1939	703,087	.62	432,586
1920	639,823	2.14	1,367,759	1940	620,692	.69	428,341
1921	790,005	1.10	866,042	1941	756,821	.91	686,990
1922	678,382	.97	660,955	1942	782,226	1.07	837,046
1923	643,881	.94	604,969	1943	646,667	1.31	844,488
1924	710,045	1.12	798,762	1944	858,896	1.40	1,200,135
1925	579,721	1.46	843,613	1945	809,761	1.45	1,176,708
1926	668,678	1.26	842,854				
1927	754,863	1.19	894,974				
1928	740,604	1.04	770,485				
1929	706,719	1.03	726,949				

1/ Estimates are computed from estimated sales in each month, by States, valued at the average price received by producers as of the 15th of the month, to which is added the net income received from the sale of loan wheat.

Table 2.- Wheat: Supply and distribution in the United States, Average 1937-41, annual 1942-45 1/

Period crop year with quarters	Supply: Stocks	Supply: Crop	Supply: Imports	Supply: Total supply	Distribution: Total disappearance	Distribution: Exports and shipments	Domestic disappearance: Total	Domestic disappearance: Food	Domestic disappearance: Seed	Domestic disappearance: Industrial	Domestic disappearance: Total feed 2/	Domestic disappearance: Farm feed
	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.
Av. 1937-41												
July-Sept....	230.2	858.3	0.6	1089.1	204.2	16.4	187.8	126.4	29.6	3/	31.8	
Oct.-Dec.....	884.9		0.1	885.0	182.6	14.6	168.0	122.5	24.2	3/	21.3	
Jan.-Mar.....	702.4		0.2	702.6	190.4	18.2	172.2	116.7	1.5	0.1	53.9	
Apr.-June....	512.2		0.8	513.0	173.0	16.8	156.2	113.9	20.5	0.3	21.5	
JULY-JUNE ..	230.2	858.3	1.7	1090.2	750.2	66.0	684.2	479.5	75.8	0.4	128.5	105.5
1942-43												
July-Sept....	632.1	974.2	0.1	1606.4	226.5	7.6	218.9	130.4	24.2	3.4	60.9	
Oct.-Dec.....	1379.9		3/	1379.9	221.5	5.1	216.4	143.3	20.3	7.2	45.6	
Jan.-Mar.....	1158.4		3/	1158.4	257.2	7.7	249.5	149.2	1.4	16.0	82.9	
Apr.-June....	901.2		0.9	902.1	280.4	14.1	266.3	114.1	19.1	27.7	105.4	
JULY-JUNE...	632.1	974.2	1.0	1607.3	985.6	34.5	951.1	537.0	65.0	54.3	294.8	92.0
1943-44												
July-Sept....	621.7	841.0	19.0	1481.7	366.8	9.4	357.4	134.4	29.7	27.0	166.3	
Oct.-Dec.....	1114.9		29.1	1144.0	326.0	19.2	306.8	137.4	25.0	24.7	119.7	
Jan.-Mar.....	818.0		41.1	859.1	314.3	19.7	294.6	149.2	1.5	26.3	117.6	
Apr.-June....	544.8		46.7	591.5	274.9	17.1	257.8	122.1	21.3	30.8	83.6	
JULY-JUNE...	621.7	841.0	136.0	1598.7	1282.0	65.4	1216.6	543.1	77.5	108.8	487.2	90.1
1944-45												
July-Sept....	316.7	1072.2	25.9	1414.8	326.5	16.0	310.5	135.8	31.9	31.1	111.7	
Oct.-Dec.....	1088.3		11.4	1099.7	265.0	19.3	245.7	141.4	26.9	22.8	54.6	
Jan.-Mar.....	834.7		1.5	836.2	273.2	38.3	234.9	135.7	1.5	15.6	82.1	
Apr.-June....	563.0		3.2	566.2	285.4	66.0	219.4	132.1	20.4	12.8	54.1	
JULY-JUNE...	316.7	1072.2	42.0	1430.9	1150.1	139.6	1010.5	545.0	80.7	82.3	302.5	106.7
1945-46												
July-Sept....	280.9	1123.1	1.3	1405.3	375.0	87.9	287.1	136.8	32.4	16.4	101.5	
Oct.-Dec.....	1030.4		0.5	1030.9	341.1	104.1	237.0	140.5	27.3	3.0	66.2	
Jan.-Mar. 4/.	689.8		3/	689.8	351.2	103.8	247.4	132.0	1.5	1.3	112.6	
Apr.-June 4/.	338.6		--	338.6				85.0	20.9	0		

1/ Data for cover page as follows: 1942-45 in the above table; 1930-41 in The Wheat Situation, Jan-March 1946, page 12.

2/ Residual. 3/ Less than 50,000 bushels. 4/ Preliminary.

Table 3.- Wheat and flour: Exports and shipments, quarterly and annually, in terms of wheat, 1941-45

Period crop year with quarters	Exports				Shipments				Grand total
	Wheat grain only		Flour in terms of grain 1/		Grain		Flour		
	Rept. by Census Bur.	Other 2/	Rept. by Census Bur.	Other 2/	Rept. by Census Bur.	Other 2/	Rept. by Census Bur.	Other 2/	
	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.
1941-42									
July-Sept....	4,569	0	4,620	250	23	--	813	--	10,275
Oct.-Dec.....	3,675	0	2,660	250	20	--	832	13	7,450
Jan.-Mar.....	3,226	0	3,266	255	8	26	803	61	7,645
Apr.-June....	1,162	0	3,525	255	0	89	712	276	6,019
JULY-JUNE...	12,632	0	14,071	1,010	51	115	3,160	350	31,389
1942-43									
July-Sept....	1,342	0	3,872	265	1	70	869	1,152	7,571
Oct.-Dec.....	886	0	2,966	262	0	12	139	833	5,098
Jan-Mar.....	1,217	0	4,755	625	1	68	57	984	7,707
Apr-June.....	3,110	0	8,353	625	0	50	91	1,905	14,134
JULY-JUNE...	6,555	0	19,946	1,777	2	200	1,156	4,874	34,510
1943-44									
July-Sept....	2,754	0	3,820	2,000	0	45	54	775	9,448
Oct.-Dec.....	4,759	0	6,538	7,200	0	34	43	595	19,169
Jan.-Mar.....	2,166	3,000	9,764	4,200	0	81	26	443	19,680
Apr.-June....	2,263	3,638	7,553	2,500	0	30	78	1,064	17,126
JULY-JUNE...	11,942	6,638	27,675	15,900	0	190	201	2,877	65,423
1944-45									
July-Sept....	3,632	2,700	4,739	3,362	0	73	73	1,377	15,956
Oct.-Dec.....	1,968	4,276	6,241	6,082	0	48	44	693	19,352
Jan-Mar.....	4,738	14,305	8,592	9,194	0	84	79	1,279	38,271
Apr.-June....	8,672	26,201	9,444	20,493	0	52	85	1,051	65,998
JULY-JUNE...	19,010	47,482	29,016	39,131	0	257	281	4,400	139,577
1945-46									
July-Sept....	40,748	20,324	11,020	15,520	32	--	237	--	87,881
Oct.-Dec.....	74,606	3,080	18,821	5,969	34	--	1,588	--	104,098
Jan.-Mar. 3/..	67,662	8,336	4/26,607	110		--			5/ 103,847

1/ Excluding flour milled in bond from foreign wheat. 2/ Mostly military. 3/ Preliminary. 4/ Converted to wheat partly at longer extraction rate. 5/ Includes allowance for shipments.

Table 4.- Estimated wheat stocks in four major exporting countries, as of July 1, 1922-46

Year	United States grain 1/	Canadian grain 2/	Argentina	Australia	Total
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
1922	110	52	82	29	273
1923	134	47	67	42	290
1924	137	71	79	38	325
1925	111	50	73	37	271
1926	101	64	85	27	277
1927	111	69	89	46	315
1928	115	123	107	43	393
1929	232	152	155	47	586
1930	294	153	70	57	574
1931	328	157	94	77	656
1932	391	160	73	58	682
1933	382	237	98	70	787
1934	273	224	145	101	743
1935	146	230	107	68	551
1936	141	162	74	53	430
1937	83	53	61	52	249
1938	154	38	99	62	353
1939	251	126	264	65	706
1940	280	322	102	135	839
1941	385	517	201	75	1,178
1942	632	449	238	142	1,461
1943	622	630	288	200	1,740
1944	319	400	292	157	1,168
1945 3/	281	315	180	50	826
1946 3/	80-100	90	100	60	350

United States - Stocks on farms, in interior mills and elevators, commercial owned and stored for others in merchant mills and elevators, and Commodity Credit Corporation stocks not otherwise included.
Canada - Carry-over July 31, plus net exports and estimated retention of flour for July.
Argentina - Carry-over on December 31, plus exports and estimated domestic consumption, July 1 to December 31.
Australia - Carry-over on December 1, plus net exports and estimated domestic consumption July 1 to November 30.
1/ Includes United States wheat in Canada. Includes small quantities of new wheat prior to 1937.
2/ Includes Canadian wheat in the United States.
3/ Preliminary.

Table 5. - Wheat: Stocks in the United States on April 1, average 1938-42 and annual 1942-46 1/

Stocks position	Average 1938-42	1942	1943	1944	1945	1946
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
Farm	183,651	270,078	326,327	219,679	238,386	203,991
Interior mills, elevators, and warehouses	112,814	181,099	176,591	66,535	130,386	37,476
Commercial	124,438	237,777	212,131	123,700	99,644	34,317
Merchant mills and mill elevators	91,291	122,461	123,455	96,388	78,788	55,899
Commodity Credit Corp. wheat in transit and in steel and wood bins	----	----	62,712	38,515	15,770	6,961
Total	512,194	811,415	901,216	544,817	562,974	338,644

1/ Includes stocks owned by the Government or still outstanding under Government loan.

Table 6. - Wheat: Prices per bushel in four exporting countries, Friday nearest midmonth, Jan.-May 1946, Weekly April-May 1946.

Date (Friday)	Hard Wheat: United States: No. 1 H.D.N.Sp. 13 pct. protein at Duluth 1/	Hard Wheat: Canada: No. 3 Canada No. Spg. at Fort William 2/	Hard Wheat: United States: No. 1 D. H. W. Galveston 1/	Soft Wheat: United States: No. 1 Portland 1/	Soft Wheat: Australia 1/
	Cents	Cents	Cents	Cents	Cents
Friday, midmonth:					
Jan. 11	174.0	137.7	190	165.0	153.9
Feb. 15	174.0	139.1	190	165.0	160.1
Mar. 15	177.0	140.5	191.5	166.6	---
Apr. 12	177.0	141.8	191.5	166.6	---
May. 17	192.0	141.8	203.4	181.6	162.8
Weekly					
Apr. 5	177.0	141.8	191.5	166.6	---
18	177.0	141.8	191.5	166.6	---
26	177.0	141.8	191.5	166.6	---
May 3	177.0	141.8	191.5	166.6	---
10	177.0	141.8	191.5	166.6	162.8

1/ F.o.b. spot or to arrive.
2/ Fort William quotation is in store. No. 1 Hard Dark Northern Spring, 13 percent protein, (Duluth) plus 1/2 cent (for in-store basis) is assumed to be fairly comparable with No. 3 Canada. Northern Spring wheat (Fort William, in store).

Table 7.- Wheat: Weighted average cash price, specified markets and dates, 1945 and 1946

Month and date	All classes and grades six markets		No. 2 Hard winter Kansas City		No. 1 Dk.N.Spring Minneapolis		No. 2 Hard Amber Durum Minneapolis		No. 2 Red Winter St. Louis		Soft White Portland 1/	
	1945	1946	1945	1946	1945	1946	1945	1946	1945	1946	1945	1946
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Month:												
Mar.	166.3	174.9	166.3	172.0	169.1	176.5	171.9	177.6	---	---	152.8	166.4
Apr.	166.4	175.5	165.7	172.1	169.2	176.6	170.9	178.0	---	---	152.7	166.6
Week ended:												
Mar. 2	165.9	171.9	165.9	169.1	168.1	174.9	---	175.0	---	---	153.2	163.6
Mar. 9	166.3	175.1	166.0	172.1	169.0	177.6	171.9	178.0	---	---	153.5	166.6
Mar. 16	166.0	175.8	166.0	172.1	168.9	176.0	---	178.3	---	---	153.0	166.6
Mar. 23	166.3	173.9	167.0	---	170.0	175.3	---	---	---	---	152.0	166.6
Mar. 30	166.4	175.2	---	---	169.0	177.6	---	---	---	---	152.2	166.6
Apr. 6	166.3	176.2	---	---	169.1	177.5	---	178.0	---	---	153.8	166.6
Apr. 13	166.2	176.2	---	---	168.8	176.4	---	178.0	---	---	154.0	166.6
Apr. 20	165.9	175.6	164.0	172.1	169.9	177.0	---	---	---	---	151.6	166.6
Apr. 27	165.7	174.2	166.5	---	169.4	175.6	170.9	178.0	---	---	151.4	166.6
May 4	166.5	175.2	167.0	---	168.4	176.5	171.9	178.0	---	---	152.6	166.6
May 11	166.1	175.6	166.1	---	169.9	177.6	171.9	178.0	---	---	151.6	166.6
May 18	167.1	188.9	166.8	---	170.3	191.4	171.9		---	---	153.8	131.6

1/ Weekly average of daily cash quotations.

Table 8.- Wheat: Average closing price of July wheat futures, specified markets and dates, 1945 and 1946

Period	Chicago		Kansas City		Minneapolis	
	1945	1946	1945	1946	1945	1946
	Cents	Cents	Cents	Cents	Cents	Cents
Month:						
Feb.	154.8	180.5	147.4	170.6	150.6	172.5
Mar.	158.0	183.3	150.0	173.4	154.4	175.3
Apr.	161.9	183.5	153.6	173.6	160.1	175.5
Week ended:						
Apr. 6	159.1	183.5	151.1	173.6	156.8	175.5
Apr. 13	161.7	183.5	153.2	173.6	160.0	175.5
Apr. 20	163.0	183.5	154.7	173.6	161.4	175.5
Apr. 27	163.4	183.5	155.1	173.6	161.7	175.5
May 4	164.0	183.5	155.5	173.6	161.8	175.5
May 11	164.4	183.5	155.6	173.6	162.8	175.5
May 18 1/	164.4	183.5	155.4	173.6	163.6	175.5

1/ Old contract futures.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics

Washington, August 1, 1946

C O R R E C T I O N

No. 95

In the June-July WHEAT SITUATION, issued for August 2 A.M. release, the statement "exports of upwards of 450 million bushels", (page 3, 2nd paragraph, last line), should read — "exports of upwards of 250 million bushels".

This is a typographical error, as the figure "250" is reported correctly in the 5th paragraph, page 5.

Also, on page 3, 1st line, 3rd paragraph, the words "on standing" should read "outstanding".

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